

Message Text

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PAGE 01 ABIDJA 02141 031015Z

ACTION EB-08

INFO OCT-01 AF-08 ARA-10 EUR-12 ISO-00 AGRE-00 IO-13 SP-02

USIA-15 AID-05 NSC-05 TRSE-00 SS-15 STR-04 OMB-01

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FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC 2283

INFO AMEMBASSY ACCRA

AMEMBASSY BRASILIA

AMEMBASSY LAGOS

AMEMBASSY LOME

AMEMBASSY LONDON

AMEMBASSY LIBREVILLE

AMEMBASSY MEXICO CITY

AMEMBASSY PORT OF SPAIN

AMEMBASSY QUITO

AMEMBASSY YAOUNDE

UNCLAS ABIDJAN 2141

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TAGS: EAGR, IV

SUBJECT: ALLIANCE OF AFRICAN COCOA PRODUCING

COUNTRIES AND INTERNATIONAL ALLIANCE

OF COCOA PRODUCERS MEET IN ABIDJAN

1. BETWEEN FEBRUARY 22 AND MARCH 3, BOTH THE AFRICAN AND INTERNATIONAL ALLIANCES OF COCOA PRODUCING COUNTRIES ARE MEETING IN ABIDJAN. THEIR PRIMARY CONCERN AT THE AFRICAN MINISTERIAL SESSION AND 28TH INTERNATIONAL GENERAL ASSEMBLY IS TO EXAMINE THE PROBLEMS ASSOCIATED WITH THE 1975 INTERNATIONAL COCOA AGREEMENT, SPECIFICALLY THE CEILING AND FLOOR PRICES SET BY THAT DOCUMENT, WHICH PRODUCERS FEEL ARE MUCH UNCLASSIFIED

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PAGE 02 ABIDJA 02141 031015Z

TOO LOW. THE 1975 COCOA ACCORD SET A FLOOR PRICE OF 39 CENTS/POUND AND A CEILING PRICE OF 55 CENTS/POUND. AT NO TIME IN THE LAST TWO YEARS HAS THE MARKET PRICE OF COCOA FALLEN WITHIN THIS RANGE-- CURRENTLY THE PRICE PER POUND IS ABOUT DOLLARS 2.50. THE PRODUCING COUNTRIES FEEL THAT THE PRICE RANGE SHOULD BE INCREASED TO REFLECT MORE CLOSELY

RELA MARKET VALUES. IN ADDITION, PRODUCERS ARGUE THAT THE COSTS OF PRODUCTION, SUCH AS FERTILIZERS, PESTICIDES, AND WAGES, HAVE RISEN SO FAST THAT FARMERS WILL EXPERIENCE A PROFIT SQUEEZE IF THE COCOA PRICE FALLS EVEN TO THE CURRENT CEILING PRICE. THUS, THEY CONTENDED THAT THE CEILING AND FLOOR PRICES SHOULD BE ADJUSTED TO REFLECT INFLATION, REGARDLESS OF CURRENT HIGH MARKET PRICES.

2. THE MINISTERIAL MEETING OF AFRICAN MEMBERS, WHICH TOOK PLACE ON FEBRUARY 23, DISCUSSED THE FORMULATION OF A UNIFIED PRODUCERS POSITION TO BE PRESENTED AT THE NEXT MEETING ON THE INTERNATIONAL COCOA COUNCIL (PRODUCERS AND CONSUMERS) WHICH IS MARCH 27 IN LONDON. IT IS EXPECTED THAT THE MINISTERS WILL PRESENT A DEFINITE PRODUCER STRATEGY, PERHAPS EVEN DEFINITE PRICE PROPOSALS TO THE ALLIANCE'S GENERAL ASSEMBLY DURING THE SECOND WEEK OF THESE MEEINGS. ALTHOUGH THE MINISTERIAL MEETING WAS FOR THE AFRICAN ALLIANCE (CAMEROON, GABON, GHANA, IVORY COAST, NIGERIA AND TOGO), BRAZIL AND ECUATOR SENT OBSERVERS.

3. IN ADDITION TO PRICE CONSIDERATIONS, SALES STRATEGIES FOR COCOA WERE REVIEWED BY AFRICAN NATIONAL MARKETING MANAGERS ON FEBRUARY 22, AND THE RESEARCH COMMITTEE DISCUSSED PROBLEMS OF PRODUCTION, STORAGE, AND EDUCATION TO PASS ON NEW UNCLASSIFIED

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PAGE 03 ABIDJA 02141 031015Z

METHODS TO THE SMALL FARMER IN A WORK SESSION ON FEBRUARY 24.

4. ON FRIDAY, FEBRUARY 25, IVORIAN MINISTER OF AGRICULTURE SAWADOGO OFFICIALLY OPENED THE 28TH GENERAL ASSEMBLY OF THE ALLIANCE OF COCOA PRODUCING COUNTRIES WITH THE STATEMENT THAT THE INTERNATIONAL COCOA ACCORD, AS IT STANDS, BEARS NO RELATIONSHIP TO CURRENT MARKET CONDITIONS AND THAT THE PRICE RANGE MUST BE REVISED TO REFLECT THE REALITIES OF THE MARKET. THIS PRONOUNCEMENT SET THE TONE FOR THE DELIBERATIONS OF THE 28TH GENERAL ASSEMBLY.

5. THE ALLIANCE IS MADE UP OF EIGHT MEMBERS, WHO PRODUCE ABOUT 80 PERCENT OF THE WORLD'S COCOA (BRAZIL, CAMEROON, ECUADOR, GABON, GHANA, IVORY COAST, NIGERIA AND TOGO). IN ADDITION, MEXICO, TRINIDAD-TOBAGO, AND SAO TOME AND PRINCIPE ARE

ATTENDING THE MEETING AS OBSERVERS. TRINIDAD-
TOBAGO IS APPLYING FOR MEMBERSHIP, WHICH WILL
UNDOUBTEDLY BE APPROVED AT THIS MEETING AND SAO
TOME AND PRINCIPE HOPES TO JOIN IN THE NEAR FUTURE.

6. COMMENT: CLEARLY, THE MAJOR CONCERN OF THIS
MEETING IS TO NEGOTIATE A UNIFIED PRODUCER POSITION
FOR THE MARCH MEETING IN LONDON, INCLUDING PROPOSALS
FOR SIGNIFICANT REVISION OF THE 1975 COCOA AGREEMENT.
WE UNDERSTAND FROM A RELIABLE SOURCE THAT THE
ANGLOPHONES AND LATIN AMERICANS HAVE BEEN MORE
RESTRAINED IN THEIR PRICE DEMANDS THAN THE FRANCO-
PHONES. AN INCREASE IN GUARANTEED
PRICES WILL DEFINITELY BE A PART OF THIS PROPOSAL,
BUT SO FAR THERE HAS BEEN NO INDICATION ON HOW
MUCH OF AN INCREASE THE PRODUCERS WILL SEEK. STEARNS

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